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SUBJECT: SAUDI ARABIA: SCENESETTER FOR CENTCOM COMMANDER
PETRAEUS,S OCTOBER 8-9 VISIT

Classified By: PM Scott McGehee for reasons 1.4(b) and (d)

¶1. (S) On behalf of the US Mission to Saudi Arabia, I welcome you back to the Kingdom. As you are aware, your visit coincides with King Abdullah's trip to the United States, thus the King and several senior ministers will not be in country. Your schedule includes meetings with Crown Prince Sultan, Prince Khalid bin Sultan, and Mohammed bin Nayef, Deputy Minister of Interior, Prince Miteb bin Abdullah, Deputy Commander of the Saudi Arabian National Guard, and MG Saleh Al-Muhayya, Chief of Staff of the Ministry of Defense and Aviation. These officials will appreciate that you have chosen to visit Saudi Arabia so soon after assuming command of CENTCOM. Your meetings will provide excellent opportunities to advance our bilateral dialogue on key regional issues and in particular on our effort to help Saudi Arabia improve the security of its critical infrastructure. Key current issues are summarized below.

The Election

¶2. (C) The U.S. presidential election and the new alignment in Congress will certainly be the first topic of conversation of your meetings. You will find a great deal of interest in your views on the directions and policies that the new Administration will adopt in the Middle East.

Critical Infrastructure Protection

¶3. (S/NF) You will hear from Deputy Minister of Interior Mohammed bin Nayef (MBN) of his continuing great concern about the vulnerability of Saudi energy production facilities, and his reliance on the U.S. to help the SAG acquire the capability to protect key infrastructure. We are making progress. On Oct. 27, a Department of Energy delegation presented its vulnerability assessment of the Abqaiq oil facility to MBN. MBN seemed to highly appreciate DOE's assessment, and agreed to a series of follow-on assessments beginning with the Ras Tanura oil terminal. On Nov. 1, the Ministry of Interior submitted a formal Letter of Request for the USG to establish a 20-person Office of Program Management - Facilities Security Force (OPM-FSF) to train and equip a Saudi infrastructure protection force.

¶4. (S/NF) The next step will be a Letter of Offer and Acceptance (LOA) by the Defense Security Cooperation Agency. This LOA should be ready by mid-December. On the MOI side, the next step is to draft another LOR requesting training assessments once OPM-FSF is staffed. The Saudis have told us they are looking forward to U/S Burns' visit to the Kingdom in mid-December to co-chair the JCCIP meeting. If possible, this JCCIP meeting would be an excellent venue to present the OPM-FSF LOA responding to the Saudi LOR.

¶5. (S/NF) You can expect MBN to press for quick action on our part, especially into making the FSF an effective

organization. King Abdullah has made the protection of Saudi Arabia's critical infrastructure his top security priority, with MBN fully empowered to achieve this objective. The Saudis are actively recruiting for the FSF, have the money on hand, and MBN leading aggressively. But they need our help. The Saudis will therefore look to you for reassurance that CENTCOM and the USG understand the high priority and the urgency with which the SAG views this effort.

King Abdullah,s Interfaith Dialogue Initiative

6.(C) King Abdullah will travel to New York to participate in a UN General Assembly plenary session on interfaith dialogue November 12-13 (prior to the G-20 summit in Washington). President Bush has agreed to participate, along with a number of other heads of state. This event follows an interfaith meeting hosted by the King in Madrid earlier this year. The King's initiative grows from his efforts to promote domestic social and religious reforms in Saudi Arabia and combat the influence of extremist ideology among the Saudi population. The King believes obtaining a UN endorsement for the concept of interfaith dialogue will help sell his reform ideas to the Saudi public.

17. (C) Several senior royals have confided that the King's trip to New York entails considerable security and political risk. They worry that if he does not win the UN backing he seeks, he could find himself vulnerable to an internal

backlash. Embassy believes that the King's initiative provides an opportunity for increased engagement that could profitably serve US interests in combating extremist ideologies and in promoting human rights and religious freedom.

18. (U) TERROR TRIALS: On October 20, the Saudi government began the prosecution of 991 detained terrorist suspects charged with attacks inside the Kingdom. This announcement was followed by the October 25 news that the government would bring an additional 1200 suspects to trial. To Saudi leadership, the trials will serve the greater purpose of putting al-Qaeda's extremist ideology on trial.

The Economy

19. (C) The main impact of the global financial crisis in Saudi Arabia has been its effect on the price of oil, the mainstay of the Saudi economy, and the general tightening of credit. Since July the price of oil has dropped 55%. While this has not as yet compelled a reduction of government spending, cuts could come if prices will deteriorate further. In response, the Organization of Petroleum Exporting Countries (OPEC), of which Saudi Arabia is the largest producing member, cut their production quotas by 1.5 million barrels per day effective November 1.

10. (C) King Abdullah will attend the G-20 Leaders Meeting on Financial Markets and the World Economy on November 15. The agenda for the summit is still being developed; our Saudi contacts tell us not expect any major surprises from Saudi Arabia.

Iraq

11.(S/NF) You will find Saudi officials greatly interested in your assessment of the way forward in Iraq, particularly in light of the upcoming change of government. The SAG has resisted USG pleas to encourage the Maliki government to quickly conclude a SOFA. Saud Al-Faisal explained to Ambassador Fraker recently that they were not willing to get ahead of what they see as an internal Iraqi political

process. He was also sharply critical of Maliki, calling him a "strange man" whose intentions were hard to read. Saud appeared convinced that, despite the urgency of the situation, intervention by Iraq's neighbors would only be helpful after an agreement is concluded. While we don't expect that Prince Saud or other Saudi officials will comment publicly on this issue, we expect that the Foreign Minister will continue, in private, to make this argument. We don't think they have any interest in derailing the negotiations or going public with their reservations regarding the Maliki government.

¶12. (C) SAUDI EMBASSY IN IRAQ: In view of recent statements by Crown Prince Sultan reiterating Saudi Arabia's intention to open an embassy in Baghdad "soon," Prince Saud told the Ambassador that setting a date to open an embassy was linked to security, which he said was "the only reason for the delay." He said the SAG considered Egypt's recent movement towards reopening its Embassy in Iraq as "very important." Ambassador Fraker pressed for details about the process required to finalize the decision, and Saud explained that naming an Ambassador hinged on a recommendation from the Ministry of Foreign Affairs. No further approvals would be necessary, since the appointment of ambassadors was solely up to the King. Ambassador Fraker underscored the importance that the USG attaches to Arab engagement in Iraq and urged Saud to make a decision as soon as possible.

Iran

¶13. (S) Iran remains the strategic threat at the forefront of Saudi security concerns. They see Iran's activities as dangerously provocative, not only in Iraq, but also in Lebanon, Bahrain, central Africa and Southeast Asia. On Iranian nuclear activities, the Saudi view is that nations have the right to a peaceful nuclear program, but that Iran does not have the right to do what it is doing. The Saudis want to see a peaceful solution to the Iran nuclear problem but they also want reassurance that Saudi interests will be factored into any deal struck with Iran.

Afghanistan

¶14. (S/NF) AFGHAN MEDIATION: Saudi Intelligence Chief Prince Muqrin told U/S Edelman that Saudi efforts to mediate in Afghanistan would only go forward if the Taliban accepted a series of conditions. The key conditions are that the Taliban 1) be willing to lay down arms; 2) accept that Afghanistan is for all Afghans; 3) agree that once a deal is struck that there would be no backsliding; and 4) that no talks would be held in Saudi Arabia.

Pakistan

¶15. (C) STRAINED RELATIONS WITH PAKISTAN: Pakistan's Prime Minister Zardari visited Saudi Arabia on November 4 for talks with King Abdullah concerning Saudi support for the Friends of Pakistan initiative and oil subsidies. The visit was an opportunity for Zardari to persuade skeptical Saudis that he can be a trustworthy partner in managing one of Saudi Arabia's most important regional relationships. The Saudis have been holding back economic and political support pending evidence that the political situation in Pakistan is stabilizing, although they played a constructive role in the October 20 Friends of Pakistan meeting in Islamabad by urging the Pakistanis to present clear proposals for assistance, including for counterterrorism, law reform, and de-radicalization.

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